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LABOR PARTY DEFEATS CHURCHILL GOVERNMENT

Clement Attlee Accepts King's Invitation to Form New Administration

The British Government under Prime Minister Churchill which has been in power for the past 10 years resigned on Thursday night after the election results showed an overwhelming labor victory, according to a Domei dispatch from Stockholm quoting a London dispatch.

Clement Attlee, leader of the British Labor Party, became Britain's new Prime Minister on Thursday night when he accepted the King's invitation to form a new government a few minutes after Churchill had resigned, it is disclosed in a London dispatch reaching Lisbon.

At 6 p.m. GMT—with only two election results still outstanding and Labor assured of a majority exceeding 200—the man who for five years had been Britain's Premier drove to Buckingham Palace and tendered his resignation to the King.

After he left, the leader of the Opposition, Attlee, who during Churchill's tenure of office had been deputy Prime Minister, arrived at the Palace at 8:30 p.m. No announcement of a prospective Labor Cabinet has yet been issued, but it is certain that a list of new Ministers is being compiled if it has not already been completed, the report added.

The Labor victory was an overwhelming one. According to Reuters, the election results at 6:30 GMT on Thursday night showed 208 Government candidates returned to the new House of Commons including 193 Conservatives while the opposition got 401 seats of which 381 were Laborites. Two Communists, and three Commonwealth candidates were returned while the Liberals got seven seats.

Churchill's Men Defeated

The report added that many Ministers in Churchill's caretaker Government were defeated in most cases by the Labor candidates. These defeated Ministers include Harold MacMillan, Secretary for Air; Brendan Bracken, First Lord of the Admiralty; Leslie Hore-Belisha, Minister of National Insurance; Geoffrey Lloyd, Minister of Information; Sir Walter Womersley, Minister of Pensions; Sir James Grigg, Minister of War, Richard Law, Minister of Education; and Duncan Sandys, Minister of Works and Churchill's son-in-law.

Leopold Amery, Secretary for India, was beaten in the Spearbrook division of Birmingham by a Labor member by 5,634 votes while Churchill was returned with a big majority.

Most Labor leaders including Clement Attlee, Herbert Morrison, Ernest Bevin Arthur Greenwood Sir Stafford Cripps retained their seats in the Parliament. Two Liberal leaders Sir William Beveridge, famed for the Beveridge social insurance plan, and Sir Archibald Sinclair were defeated both by Conservatives.

The Labor Party has won the general election. It has a clear majority over all other parties. The state of the parties now are Labor, 365; Conservatives, 186; Liberal Nationals, 14; Liberals, 14; Independents, eight. The Independent Labor Party has three members, the Communist Party two, and the Commonwealth Party one. The Labor Party has a clear majority of 154 seats over all the other parties in the new House of Commons.

Churchill himself had a 17,000 majority in the new constituency of Woodford, while his Independent opponent who fought without the support of any party got 10,000 votes. Churchill's son and son-in-law, Randolph Churchill, and Duncan Sandy were both defeated.

TROUBLE IN CHANNEL ISLES

Rebellion may break out in the Channel Islands—oldest possession of the British Empire—if the present discontent and unrest among the population is allowed to develop, a report from London to Lisbon on Wednesday said. This is the conclusion of a special correspondent of the Daily Herald who has been investigating conditions in the islands.

"Many people believe," he said, "that but for the military forces there would already have been an open revolt. All signs are there: workers are still smarting under the injustices forced upon them by many leading officials during the five-year German occupation, and there is open antagonism and disgust at the antiquated, unrepresentative, undemocratic Constitution, and ever-growing anger that no action is being taken against the notorious collaborators who made fortunes during the occupation."

Britain's New Leader Says Foreign Policy Is to Prevent Wars

Britain's new Prime Minister Clement Attlee told the press yesterday that the Labor Party's foreign policy could be summarized as to lead to a new world order for the prevention of war and to lead to a world economy raising the standard's of living, according to a London dispatch to Lisbon. Both Attlee and his predecessor, Winston Churchill, are expected to return to Potsdam to resume the conference with President Truman and Marshal Stalin.

ATTLEE IS GRATIFIED BY ELECTION RESULTS

Avers British Electorate Will Respond to Clear and Definite Policy

Britain's new Prime Minister Clement Attlee in his first interview at the Transport House after the election results were known declared "This is a very remarkable and gratifying result," according to a Domei dispatch from Stockholm quoting a London report.

"This is the first time in the history of this country that labor has ever had a clear majority," he declared. "It will enable us to implement the policy of the Socialist Party."

The result, he added, "shows that the electorate will respond to a clear and definite policy based on principles to the needs of the present day."

Attlee left the Transport House—nerve center of the Labor Party—amid thunderous cheers to receive the congratulations of the United States Ambassador John Winant who had specially telephoned him at the Transport House to pay his respects..

In London, a Labor Party spokesman emphasized the fact that the overthrow of the Churchill Government was purely on domestic issues, and would not influence Britain's part in the war against Japan.

Attlee is expected to return to Berlin to resume the "Big Three" conference with Premier Stalin and President Truman. He attended the previous sessions at the personal invitation of Prime Minister Churchill.

All the Labor leaders have been elected, and there is now much speculation throughout the country as to who will hold the key posts in the new government.

According to the Associated Press, Britain's new Prime Minister is a cautious, middle of the road politician who steers an even keel between the extremities of his own party. In contrast with Churchill, who is one of the greatest orators England ever produced, Attlee's speeches are so dry that his own secretary once remarked: "An Oxford graduate Attlee is marked for socialism in England for 26 years."

Attlee, who is 62 years old, was Deputy Prime Minister in the wartime coalition cabinet of Prime Minister Churchill until a few weeks ago. At the invitation of Prime Minister Churchill, Attlee has attended the Berlin conference which would seem to indicate that the decisions made in Potsdam to date were of a non-partisan character and would not be affected by a change in the British government.

Before the conference Attlee was one of the members of the British delegation to the United Nations Conference on International Organization in San Francisco. Again this indicates Britain's intention to participate in the United Nations as outlined in the San Francisco Charter will remain unchanged. Nor will the victory of the British Labor Party interfere in any way with Britain's determination to carry the war in the Pacific, says a London dispatch.

Forest Fires Raging in U.S.

Forest fires showing no signs of letting up due to the recent high atmospheric temperature are raging in various parts of the United States, according to the U.S. Forestry Department in a delayed Honolulu broadcast of July 20, reports a Domei dispatch from Shanghai, dated July 25. The fires have spread over 30,000 acres in the State of Oregon and 14,000 acres along the banks of the Wilson River while 40,000 acres in other parts are being consumed by the fire. It is reported that 2,000 men from the fire squads and army are desperately fighting the forest fires.

NOTICE

Due to disruption of the gas service today's issue of the Nippon Times has been reduced to 2 pages.

CADOGAN ACTING AS HEAD OF BRITONS AT POTSDAM

Parley May End Next Tuesday Or Wednesday: Truman Not Visiting England

According to a Potsdam report of July 26 received in Stockholm quoting a London dispatch, British Undersecretary of Foreign Affairs Sir Alexander Cadogan is now heading the British delegation at the Potsdam conference during the absence of Winston Churchill and Anthony Eden.

The report said the work of the Russian, British and American staffs continues although the conference itself has been temporarily halted, but will be resumed as soon as the British party returns.

Richard Dimblebly, BBC correspondent, said that the Potsdam meeting in his opinion will end about Tuesday or Wednesday next week.

The same correspondent also revealed ahat President Truman will not be able to visit Britain when he leaves Potsdam because of the great pressure of work awaiting him in Washington.

Reports to King

While the "Big Three" conference in Potsdam went into a recess, Prime Minister Churchill who left the meeting to learn the outcome of the British elections arrived in London shortly after 3:20 p.m. Wednesday, according to a Domei dispatch from Stockholm quoting a London dispatch.

Churchill, wearing civilian clothes, then went to No 10 Downing Street and on the night of the same day drove to Buckingham Palace and was received in audience by King George. The Prime Minister reportedly gave the King a personal account of the progress of the Potsdam Conference.

Almost simultaneously Admiral Lord Louis Mountbatten, Supreme Commander of the Southeast Asia Command, arrived in England by air. In the evening it was disclosed that the Admiral has been at the Potsdam Conference. From this disclosure it is presumed that the "Big Three" talks had dealt seriously with the Asia problem.

Meanwhile, from Potsdam it is learned that President Truman will go by airplane to Frankfurt on Thursday morning to inspect the 84th infantry and 33rd air divisions. At Frankfurt he will lunch with General Dwight Eisenhower and will hold a conference with him after lunch, the report said. The President will be accompanied by Secretary of State James Byrnes and his Press Secretary Charles Ross.

The brevity of Truman's visit to Frankfurt—he is expected to return to Berlin the same day of his arrival—strengthens the impression in authoritative circles at Potsdam that the interruption of the conference will not last long.

SOVIETS ASK FOR UNRRA AID

Request for $700,000,000 Gets Mixed Reception in U.S. Congress

Soviet Russia's request for $700,000 000 of United Nations Relief aid got a mixed reception in Congress Thursday, according to a Washington dispatch relayed from Lisbon.

Without reference to the Russian appeal, an UNRRA official said that the agency funds were running low and that the member nations may be called upon for larger contributions.

Russia's request plus the $945,000,000 asked by China and the $600,000,000 asked by Poland far exceeds authorized expenditures to date.

Although 23 of the 44 of the United Nations are making contributions to the UNRRA, the United States is contributing 70 per cent of the operation expenses.

Roy Hendrickson, UNRRA deputy director told critics Thursday that "we are still better off than we were after the last war. Then, we paid 100 per cent of the relief bill."

EXPANDING VINSON'S POWER

Morgenthau Wants Treasury Secretary as Coordinator of U.S. Finance

According to a Washington report dated July 26 received in Lisbon, former U.S. Secretary of the Treasury Henry Morgenthau, Jr., today urged Congress to give the new Secretary of the Treasury Fred Vinson full authority of supreme coordinator of American finance. He stated that Vinson should be given full power over Government spendings, lendings, borrowings and insurance.

Morgenthau also reported that the present war has cost the United States $375,000,000,000, which is nine times the cost of the past war. He pointed out that the United States had only $37,000,000,000 to finance the last war.

BELGIAN KING DEFENDED

Chamber of Deputies Resumes Debate on Leopold

The Belgian Chamber of Deputies on July 26 resumed the debate on King Leopold when one member defended the King, according to a Stockholm report.

The deputy said that he agreed that the King had made errors but he intended to give the monarch a chance to defend himself.

Prime Minister Achille van Acker said he had spoken with the King at Salzburg about his visit to Berchtesgaden and his removal to Germany during the Allied advance. The King, Van Acker went on told me he was prepared to abdicate but he would not consider these two matters as a reason for abdication.

DALADIER TAKES STAND DURING PETAIN'S TRIAL

Ex-Premier Charges Defendant Of Destroying Republic; Talks With Hitler Bared

The Petain treason trial was resumed for the third day on Wednesday in a tense atmosphere as ex-Premier Edouard Daladier, aged by four-years' imprisonment, continued his evidence with an account of "what happened after the armistice" and "what I learned about Petain from reputable persons whom I met in prisons," a Reuters Paris dispatch reaching Lisbon disclosed on July 25.

Daladier declared that the Vichy Government headed by Petain during the German occupation included all of the traitors to France. He said that the Petain regime deliberately destroyed the Republic. Petain again refused to answer questions by the prosecution of holding to his original stand that he would say nothing beyond his declaration on Monday that he was only doing what he could for his country.

On Tuesday telegrams from Petain to Adolf Hitler asking that French troops be permitted to defend Vichy territory alongside German forces were introduced in evidence.

Petain was asked by the court if he had anything to say. There was no response. Petain said on the opening day of the trial, he would answer no question and offer no defense.

Messages Introduced

All through the demonstrations by the angry crowd, Petain, on trial for his life, sat unmoved. Not a flicker of a motion crossing his sunken face. Finally order was restored and the court resumed readings. He read two messages that Petain is alleged to have sent Hitler, one asking the German Fuehrer permission to use French troops with Germans for the defense of Vichy territory, and the second a congratulatory message on the German victory at Trieste, which cost the Allies 5,000 men, mostly Canadians.

Paul Reynaud, another former Premier, was present at the trial at the request of Petain's defense counsel who wanted to "confront Reynaud with several witnesses for the defense notably foormer French Ambassador Charles Roux" whose evidence alleges that the French Government planned to buy off Benito Mussolini. Reynaud in evidence described this as "pure romancing."

Meanwhile, Marshal Philippe Petain, 89-year-old last war hero who became Chief of State after the fall of France, broke his self-imposed silence on the third day of his treason trial in the Palace of Justice only to state he knew nothing of the proceedings and therefore could make no explanations. The Marshal turned slowly in his chair where he faced lawyers who were demanding his life and mumbled, "I know nothing of what it is about."

The climax came when a juryman demanded that Petain state himself whether or not he sent a telegram to Adolf Hitler following the Dieppe landing offering French aid in resisting the invasion attacks. The defense counsel leaped to his feet waving his arm, "The Marshal has nothing to reply," he declared.

European Coal Lack Serious

According to a London report of July 26 received in Stockholm, the serious coal famine in Europe has surplanted food as the most immediate problem confronting the Allies, it was disclosed to the United Press by an American official in London. The report said that according to this official the fuel shortage has a high priority on the agenda of the "Big Three" power meeting in Potsdam.

SOVIETS HELP GERMANS

Set Up New Social Insurance System in Occupation Zone

The Soviets in their occupation zone in Germany have made a new social insurance order, according to a Stockholm report.

In Berlin they are helping the Municipal Council to make payments to old people, and sick and disabled workers. The Russian contribution to the current scheme comes from workers and employers each handling over one-tenth of all wages. The cost of all medical services will be met by the fund.

CHIANG TROOPS ATTACK COMMUNISTS NEAR SIAN

Border District of Yenan Is Invaded; Chu Teh Seeks Early End of Hostility

The Chungking 59th Division on July 21 suddenly opened an attack upon the Yenan troops stationed at Yehtaishan, 70 kilometers north of Sian in the Shensi-Kansu-Ninghsia border district of Yenan, says a Shanghai dispatch dated July 26 to Domei, relaying a report of the Hsin Hwa News Agency at Yenan on July 23. This was the most recent of a series of armed clashes taking place in various districts between the Chungking and Yenan troops and the latter responded at once for self-defense.

Fighting was still going on till July 23 resulting in an increase of casualties for the Chinese Communists.

Yenan takes the present hostility very seriously, considering the fact that Yenan lies only 200 kilometers from the scene of the battle and Chungking's attack was made direct on the Shensi-Kansu-Ninghsia border area, which is the innermost defense district for Yenan.

It is reported that a telegram under the joint signatures of Chu Teh and Hou Teh-hwai, respective Commander and Deputy-Commander of the Yenan 18th Army Corps, was dispatched to both Chiang Kai-shek and Hu Tsung-nan, Commander of the First War Zone at Sian, asking them to stop the hostilities immediately.

Chang Blasts Yenan

The Yenan army is continuing its usual tactics of attacking areas where the defense of the Chungking army is weak, but when the latter recovers such districts, Yenan declares that "the Chungking Army has attacked the Yenan Army," declared Chang Ping-chun, Councilor of the Chungking Executive Yuan, the Chung Ying News Agency reported on July 25, says a Domei report from Shanghai.

"The Chungking Government has not changed its intention of settling its differences with Yenan by political means, and it decided to adopt further measure to attain this object," he stressed..

Chang's statement is interpreted as Chungking's reply to the opening of offensive action on the part of Yenan, which is placing the blame for the Chungking-Yenan conflict on Chungking.

N.Y. TIMES RAPS CHIANG

Hits Refusal to Allow Reentry Of 2 U.S. Scribes Into China

Commenting editorially on the report that the Chungking Government has refused permission to two American journalists to reenter China, the New York Times on July 24 declared that Chiang Kai-shek's attempt to suppress outside criticism "merely makes matters worse," according to a report received in Lisbon.

Declaring that "some American journalists" have gone to "extremes in their attacks on the weakness and corruption of Chungking," the paper claimed, "The thing the American reporters have written about is that Chiang Kai-shek's regime is more severe than what some American reporters have written about the Roosevelt Administration or British commentators about the Churchill Cabinet." "The answer isn't suppression, the Times charged. "It is free discussion which eventually brings out the truth."

The tirade continued, "Even on purely practical grounds Chiang's attempt to suppress outside criticism merely makes matters worse. What will now be said by persons who want to do him harm is that the original accuations are true."

The editorial suggested, "Chiang would do better to let the whole truth be told."

NEW ENEMY LANDING MOVE IN SOUTH BORNEO SMASHED

Invaders Routed by Japanese In 20-Minute Clash in Alang Sector

By a Member of the Military Press Corps

SOUTH ADVANCE BASE, July 26.—The enemy forces in the Miri area, South Borneo, are attempting to break through the Japanese lines by sending reinforcements from Lutong, 20 kilometers north of Miri, where they have massed their main strength.

On July 23, enemy troops aboard landing barges moved up the Pahan River with the aim of landing at Alang, but they were subjected to fierce Japanese attacks and repulsed within 20 minutes.

Meanwhile, the enemy is now using the Miri Airfield.

Enemy Loses 20 Ships

By a Member of the Military Press Corps

ADVANCE BASE IN SOUTH, July 24.—The fact that the enemy forces which landed on Balik Papan some 20 days ago have already lost 20 warships and suffered more than 4,500 casualties in the course of their abortive attempt to seize the oilfield areas, must be partly attributed to the self-sufficiency structure set up through the unlimited cooperation of the Japanese civilians and native islanders with the combat forces.

In conducting landing operations against Balik Papan, the enemy resorted to a cautious strategy, bringing some 15,000 American and Australian troops accompanied by the construction corps. Apparently the enemy landing forces planned to seize the oilfield sector and the airfield at one stroke. However, the Japanese Forces guarding the first line immediately opened fire against the invaders and exacted enormous sacrifices from the enemy. Astounded by the intensity of Japanese attacks, the enemy increased his combat forces and began to fire against the shoreline, some 30 kilometers long with tanks and heavy firearms. During the 20 days following the start of the landing operations, the enemy barely set foot in one corner of the airfield and occupied a part of the city. Pressed hard by the Japanese, the enemy who was pinned down in a narrow space cannot effect further advance.

The outstanding results obtained by the Japanese Forces must be partly ascribed to the self-sufficiency policy. The mines which are now being used in attacking the invaders were made by the Japanese Forces on the spot with the cooperation of Japanese residents and the native inhabitants. With a burning fighting spirit, the Indonesian youths who have been trained for the last two years are demonstrating their determination to defend their homeland at all costs. In recognition of their outstanding accomplishments, some of the native youths have been promoted by two ranks by the Japanese Commander there.

Upon learning of the all-out cooperation of the Indonesians, the enemy began to raid Samarinda, Sangasanga and Banjermasin with B-24's and P-38's with a view to fermenting an anti-war atmosphere among the islanders. While promising prizes after the war in an attempt to attract the native youths to their side, the enemy forces have been daily conducting blind-bombings against the residential districts, churches, hospitals and schools, thus undoubtedly aggravating the bitter resentment of the native people. In the future, the enemy will resort to all kinds of propaganda machinations to win the hearts of native people, but the enemy maneuvers will be frustrated in no time before the iron defense maintained by the Japanese combat forces in cooperation with the civilians and native people.

DOMEI SCRIBE SUCCUMBS

Shigeru Ohashi Dies While Covering Siang-Kweilin Operation

Domei

CONTINENTAL BASE, July 25.—Shigeru Ohashi, of the Military Press Corps and staff member of the Domei News Agency, while engaging in his duty as a member of the Military Press Corps in the present Siang-Kweilin operation, was seriously wounded by shell fragments in the battle near Peipishan in Hunan Province on May 19. He was taken to a certain hospital at Hengyang for treatment, but succumbed to the wounds on July 4.

He had been active in the field of war news reporting in China since March last year and was awarded a letter of thanks for his services by a unit commander in the present Siang-Kweilin operation.

Puket Island Landing Attempted by Enemy Foiled by Japanese

An enemy attempt to land on Puket Island, about 300 kilometers northwest of Penang, Malai, was completely frustrated by the Japanese Forces on July 25. Consisting of two American cruisers, enemy warships appeared in the waters off Puket Island at 8 a.m. on July 25. After an hour's bombardment, enemy troops aboard landing barges tried to effect a landing, but they were routed in the Japanese counterattack with heavy losses and damage. Enemy warcraft are still operating in the rear.

NEW AIR FORCE LINEUP REVEALED BY AMERICA

MacArthur Given Direct Command in East Asia Under Marshall

Lieutenant-General Ira Eaker, Assistant Chief of the U.S. Army Air Headquarters and Chief of Staff, announced a large-scale reorganization of the United States air forces in an interview with reports on July 24, a Washington dispatch relayed by Domei from Lisbon reported.

The new line-up of the American Army Air Force as announced by Eaker follows:

Major General Frederick L. Anderson, Director of the Aviation Personnel Bureau; Major General Edward R. Questa, Director of the Aviation Intelligence Bureau; Lieutenant General Hoyt S. Vandenburg, Chief of Air Operation Headquarters; Brigadier General Edward M. Powers, Chief of the Air Supply Headquarters; and Major General Louis Northstead, Head of the Air Planning Headquarters, have been appointed staff officers of the air forces.

The relation between the air forces of the front and the General Staff, which is comprised of Marshal George Marshall, Chief of the General Staff, Admiral Joseph Ernest King, Commander-in-Chief of the U.S. Fleet and Chief of Naval Operations and Marshal Henry Arnold, is as follows:

The Far Eastern Air Force is placed under the direct command of Marshal Douglas MacArthur, Commander-in-Chief of the United States Army in the Pacific, which is subjected to the command of Marshal George Marshall, Chief of the General Staff. General George C. Kenny has been appointed the Commander of the Far Eastern Air Force.

Lieutenant General Ennis C. Whitehead has been appointed commander of the 5th Air Force; Major General Thomas L. White, commander of the 7th Air Force; Major General Paul Wadsmith, commander of the 13th Air Force.

General Carl Spaatz has been appointed Commander of the Army Strategic Air Force which is under the direct command of the General Staff. Major General Curtis Lemay has been appointed chief of staff of the Army Strategic Air Force. Lieutenant General James Doolittle has been appointed commander of the 8th Air Force in the Okinawas, and Lieutenant General Nathan Twining is the commander of the 20th Air Force in the Marianas.

Major General George B. Brooks has been appointed commander of the 11th Air Force in the North Pacific area. This air force is under the direct command of Admiral Chester Nimitz and will conduct operations with the navy.

Lieutenant General George Stratemeyer has been appointed commander of the air force in the China region which is placed under the command of Marshal George Marshall through Lieutenant General Albert Wedemeyer.

Major General Howard C. Davidson has been appointed commander of the 10th Air Force and Major General Claire Chennault commander of the 14th Air Force.

Commanding B-29's

Lieutenant General Nathan F. Twining, who takes over the command of the B-29 Super Fortresses based in the Marianas on August 1, has arrived at Guam, it was reported from Guam on July 25, according to a report reaching Lisbon.

Yu Replaces H. H. Kung

Yu Hung-chun, better known as O.K. Yui, Chungking Finance Minister, has been ordered to assume concurrently the Governorship of the Central Bank of China, Chungking, succeeding H. H. Kung, who has resigned, says a Canton dispatch to Domei relaying a Chung Ying News Agency report on July 25.

PRIME MINISTER TO SPEAK AT VICTORY RALLY TODAY

Suzuki Will Express Japan's Firm Resolve in His First Public Address

Prime Minister Admiral Baron Kantaro Suzuki will express Japan's firm resolve, at a time when the last decisive battle is near, and further explain Japan's policy based on solid foundations at the Grand Rally for Sure Victory scheduled to be held at the Hibiya Public Hall at 6 p.m. Saturday. The function is being sponsored by the Tokyo Shimbun, the Nippon Sangyo Keizai Shimbun, the Domei News Agency, the Yomiuri-Hochi Shimbun, Mainichi Shimbun and Asahi Shimbun and others. The Board of Information is to cooperate in conducting the function.

This being the first time for the Prime Minister to deliver an address to the public since his assumption of the Prime Ministership, his address will be broadcast on a nation-wide hookup, and in the sense that his address will give vent to the movement for bolstering the fighting morale of the people which has been deliberated ever since the instalation of the Suzuki Cabinet, much is expected of his address.

Prime Minister Suzuki is expected to explain boldly and frankly the actual war situation and further assure final victory when the 100,000,000 people will forge ahead to annihilate the enemy, thus to safeguard the 3,000-year old tradition of the Empire. The Prime Minister will also request the 100,000,000 people to exert further efforts to increase the production of war weapons.

The function will be conducted even in case of an alert and in case an air raid warning is on and is not lifted by 5 p.m., the meeting will be postponed. In case the meeting must be postponed due to enemy air raids, the decision will be broadcast by noon on Saturday.

15 SHANGHAI RAIDERS HIT

American Planes Bomb Airfields and Strafe City

A formation of B-24's, B-25's and P-51's from an Okinawa base invaded Shanghai in five waves between 10:30 a.m. and 12:30 p.m. on July 24.

The enemy planes bombed the airfields in the neighborhood of Shanghai and strafed the city, the former International Settlement and the French Settlement. Five enemy planes were shot down and ten others damaged by the Japanese anti-aircraft guns, a Domei dispatch from Shanghai reported on July 24.

Penetrate From Kii

About 15 B-29's penetrated from the Kii Channel at about 12 a.m. on July 26. Ten headed northeast by way of Hyogo Prefecture and operated over Wakasa Bay, while the others appeared over Osaka Bay. The enemy planes dropped mines and conducted reconnaissance.

Some 15 B-29's penetrated the Central Army District in four groups at about 9:15 p.m. on July 25. Three planes operated over Matsui, Hiroshima and Fukui.

One B-29 appeared from the sea area east of Mito at about 7:30 a.m. on July 26. After circling over the Maebashi district, the plane headed southward, fleeing by way of Tokyo and Yokohama at about 9 a.m.

At about the same hour, two B-29's operated over the Niigata district, while two other B-29's appeared over the Nagoya district.

One B-24 circled over Sagami Bay from about 9 until 9:20 a.m.

SUPERFORTS DROP MINES

Active Over Japan Sea, Niigata Harbor, Chosen, Other Areas

One B-29, coming by way of Hamamatsu at about 8 a.m. Friday, flew out to the Japan Sea by way of Ina, Matsumoto, Nagano and Nacetsu and dropped mines. Then flying over Nagaoka, Niigata, Aizu-wakamatsu, Otawara and Tsuchiura, fled from Kujukurihama at 9:30 a.m. Around the same time, two PB4Y's operated over Kujukuri-hama, escaping at about 9:40 a.m.

From Wednesday night to early Thursday morning, 18 B-29's raided the Hokuriku area, operating over important harbors from Niigata to Wakasa Bay.

Furthermore, mines were dropped by eight enemy planes in the Inland Sea, by four B-29's in the waters off the Sanin coast, and by five B-29's in the Fusan and Mokupo areas, in Chosen.

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Chungking and America's Continental Operations

A sort of dilemma may be consistently seen in the recent speeches which touch upon the China operations of the United States by such Chungking leaders as Chiang Kai-shek, Ho Ying-chin and Chen Cheng. As if in agreement, each of these Chungking leaders has avoided taking a clear, concrete attitude toward the China operations of the United States and, on the other hand, has asserted that if the Chungking forces were to be supplied by the United States they would be able to drive out the Japanese under their own power. It is recalled in this connection that Mao Tse-tung at the recent congress of the Chinese Communist Party pointed out that the continental operations of the United States would, after all, be used by Chungking to apply pressure on Yenan and that there was the danger that these operations would ignite the fuse of another civil war. Even those who stand at the opposite ideological pole to Mao, however, must hold dark misgivings as to what result the American military encroachment in China will bring about for China herself.

The oft-repeated Chungking argument against such warnings as issued by Mao was that as long as the Japanese Forces are actually stationed in China and as long as the Chungking forces do not have the real power to crush the Japanese it is an absolute requisite for China to cooperate with the United States. What requires careful reflection in this case, however, are the concrete factors of the cooperation between China and the United States. Unhappily for China, the form of cooperation between her and the United States cannot be the same as that in the cooperation between the United States and Britain, between Britain and the Soviet Union or between the United States and the Soviet Union. At San Francisco, it is true, Chungking was given nominal prestige, but the Chungking delegates must know better than anyone else that this formalistic respect was being used by the United States and Britain to make a more complete tool of Chungking. The case of Anglo-American criticism of Chungking's internal affairs alone reveals that the United States and Britain do not consider Chungking their collaborator and ally on an equal plane. Nor does common sense allow one to believe that such is the constructive criticism of true and sincere collaborators and allies.

As reasons for the inevitable end of United States-Chungking relations in domination and submission, no matter what the form, may be pointed out firstly, the fact that China has been marked as the sole outlet for the United States' imperialistic requirements and secondly, the difference in the national power of the United States and of Chungking. In respect to the latter point it must be pointed out that it is not merely a case of the physical difference in the fighting power of the United States and of Chungking but that the important point is the fact that Chungking was unable to solve the struggle against Japan with initiative without dependence upon American assistance.

Delving further into the matter, it is noted that the concrete application of the regional principle in the world structure worked out in detail at San Francisco was left completely unsolved in regard to the East Asiatic region. No one, even the most ardent pro-American, can be so naive as to believe that the United States is so moderate as to allow Chungking to be the central body in East Asia. Judging from the activity of T. V. Soong, the Chungking design is to depend on the gap that exists between the United States and the Soviet Union on the disposal of East Asia and to seek a place for Chungking by making use of the fluctuating balance between these two big Powers. This method may seem wise at first glance but it holds grave dangers. Because the mediator, Chungking, lacks real power, there is the possibility that the two who are being reconciled may move in disregard of the mediator. The fate of the various countries in connection with the problem of European reconstruction bears this out.

Chungking, however, actually cannot become the mediator between the United States and the Soviet Union solely under its own power. For in order to have true independence and sovereignty, China must have an independent stand. The regionalism of the new world structure requires such a stand; it requires the establishment of China's East Asiatic character. In this connection, the dilemma of Chiang and other Chungking leaders, as already pointed out, is notable. Japan today continues to be engaged in an armed struggle with Chungking. But Japan cannot regard Chungking as an enemy when she considers how China should be and how Japan should be, and how the two should bring about each other's security in the new world to come. That is because the two are bound by the mutual ties of being vital parts of East Asia. At a time when American attacks against Japan are increasing in violence and American operations in China are imminent, the reasoning and conscience of the Japanese make this point still more outstanding. There is no disputing the fact that no matter how the war ends, it will not only be difficult but impossible for Japan and China each separately to maintain its own sovereignty.

Music in Wartime

By OSAMU SHIMIZU
Director of the Dai Nippon Musical Culture Association

Musicians, too, have a role to play in wartime. Theirs is a task of soothing the minds of the busy homefronters, especially now when enemy air raids on cities and towns are being increased in savagery and intensity.

The 4,000 musicians in Japan must do their bit to help win the war. To do this they are being backed by the Dai Nippon Musical Culture Association, which, under the direction of the Board of Information, is doing great work in the field of entertaining the people. This association has two aims, namely, to assure the continued activities of the nation's musicians despite the war and to speed up the establishment of national music.

With the growing severity of the war, much flexibility has been introduced in the activities of the association, enabling it to act according to the exigencies of the time in a most forceful manner.

There was a time when music in our country was regarded as being open only to the privileged class. But in Japan today, where the people's interest and understanding of music has been elevated to a national level, the portals of music here have been thrown open to all.

Since the heavy bombing raids began last March, our musicians have been excelling themselves in an endeavor to offer their best to the public. May and June were busy months. They played their way through 200 concerts with 2,000 people attending. They gave musical programs before railway stations, and they went to the raided areas to give cheer to the war victims. Our musicians will coninue their wartime performances with greater vigor hereafter.

As to the establishment of national music, the aim is to cut out the abstract and implant reality into compositions, something that the ordinary man in the street can understand. There can be no music apart from the people, and it is with this understanding that the nation's musicians are working gladly.

A Year Ago Today

July 28, 1944

Field Marshal Gen Sugiyama, War Minister, and Admiral Mitsumasa Yonai, Navy Minister, expressed the determination of the Army and Navy to mold themselves into true oneness and their desire for the Government to direct all efforts toward the successful prosecution of the war.

* * *

Viscount Archibald Wavell, Viceroy of India, turned down the second request from Mahatma Gandhi to discuss the situation in the light of Gandhi's recent pronouncements.

CAPITAL IN WARTIME U.S.

Net Profits Virtually at Standstill From 1942

The following chart shows the net profits of representative United States companies up through 1943, deducting all taxes.

(Unit: $1.000.000)

(1)	(2)	1942	1943	(3)
11	Large Steel Co.'s	175.1	161.4	(—) 7.7%
14	Small Steel Co.'s	24.6	20.2	(—)17.9%
14	Coal, Coke	12.3	12.4	(+) 0.8%
4	Copper & Brass	7.4	12.3	(+)66.2%
9	Construction Machinery	13.7	11.2	(—)18.2%
30	Indoor Machinery	30.5	30.4	(—) 0.3%
6	Brakes, Locks, Axles	6.3	4.8	(—)23.8%
22	Outdoor Machinery	28.7	32.3	(+)12.6%
40	Chemicals	194.5	199.3	(+) 2.5%
18	Paper	12.4	12.3	(—) 0.8%
5	Glass	14.5	17.1	(+)18.0%
16	Automobiles	203.8	201.4	(—) 1.1%
48	Car parts (Large Co.'s)	67.7	—	—
7	Car parts (Small Co.'s)	2.9	2.0	(—) 3.0%
12	Tires	49.3	67.5	(+)37.0%
7	Large Aircraft Co.'s	58.7	—	—
11	Small Aircraft Co.'s	18.9	28.8	(+)49.4%
6	Shipbuilding & Repairing	8.6	9.6	(+)11.6%
28	Mining	248.4	236.2	(—) 4.9%
26	Oil	350.5	447.7	(+)27.7%
7	Radio & Related	13.6	16.5	(+)21.3%
18	Cement	132.6	7.9	(—)93.9%
7	General Foodstuffs	24.0	22.7	(—) 5.7%
6	Cotton Textiles	10.0	8.9	(—) 1.1%

(1)——No. of Companies.
(2)——Types.
(3)——Rate of Increase or Decrease.

The above chart, published in the New York Times of July 5, 1944, is the result of the investigation of 858 companies of various types. It shows an increase of five per cent, i.e., from two billion four hundred and seventy nine million dollars in 1942 to two billion six hundred million dollars in 1943.

Profits at a Standstill

The outstanding impressions received from a study of the different departments consists first, of the remarkable lack of change in most American industries and second, of the fact that net profits were virtually at a standstill. Of course, since the investigation itself only covers part of the American industrial world, it is difficult to apply the same conclusions to the whole. Nevertheless, in concerning oneself with only the surface indications of profit and loss, one might be quite justified in applying the above "first impressions" gained from the chart to American industry as a whole.

Looking at the incomes of the various categories, it is to be noted that some of the important or "heavy" industry divisions such as shipbuilding and aircraft manufacturing still show an increase in net profits but even here the tempo has slackened somewhat when compared to the period of initial war boom. What, however, is to be particularly noted is the reduction in the incomes of the basic materials group, with steel, coal and others (with the exception of only a small part) showing a rather dull picture. The fact, too, that such manufactures as construction machinery and cement show a drop in income reflects the pause in 1943 of the current building expansion program. The comparatively good record of those goods which may be more or less loosely termed as civilian goods at the same time reflects the rapid "inflation" of purchasing power.

In a survey of the trend of the incomes of all of the companies in the United States, the magazine Survey of Current Business, in its June, 1943, number, carries the following figures released by the Bureau of Foreign and Domestic Commerce:

(Unit: $1.000.000)

	1939	1940	1941	1942
Net Profits Prior to Federal Taxes	5320	7390	13938	18784
Federal Profit Taxes	1232	2543	7081	11500
Net Profits After Federal Taxes	4088	4847	6857	6884

Clearly noticeable in the above is the fact that incomes rose with startling rapidity following the opening of the national defense program in June of 1940. Net profits prior to the payment of federal taxes show a gigantic leap of from five billion three hundred and twenty million dollars in 1939 to eighteen billion seven hundred and eighty four million dollars in 1942. But, on the other hand, taxes in the form of company income and excess profit taxes swept far ahead of mere profits by registering a phenomenal 866 per cent increase as compared to the 253 per cent upswing in profits. As a result, the net profits, after withdrawing taxes, show only a 68 per cent increase from the years 1939 to 1942.

According to the testimony of a high official of the Department of Finance before a committee of the fall Congress of 1943, total profits in 1943 prior to the subtraction of taxes were estimated at some twenty-two billion dollars, with net profits standing at eight billion seven hundred million dollars following the payment of taxes. When compared with the figures given in the immediately preceding chart, it would seem that there was a rather large leap in net profits from 1942 to 1943, but this is due to the difference in investigation methods of the Department of Commerce, of which the Bureau of Foreign and Domestic Commerce is a part, and that of the Finance Department. Because of this difference in methods, it is impossible to compare figures without certain reservations. In general, it would be safe to say that American industry made no noticeable gains in net profits in 1943.

No Remarkable Gains

Figures published by the Department of Finance in August last year estimated the 1944 net profits, following the withdrawal of taxes, to be eight billion five hundred million dollars, thus indicating that in 1944 too, nothing remarkable in the way of monetary gains was made by American industry when compared to the previous year.

The conclusion to be gained from the foregoing is that, at least so far as can be gained from published figures, net profits have not shown any substantial increase in the years following 1941.

From the reaction, or turning point, in 1937 to 1941 the rapid advance in net profits reflected the beginning of the war boom in large-scale military production, but what are the reasons for the comparative slowing-down of profits after America's entry into war? Surely the causes do not lie in any undue inflation of the prices of either basic materials or wages; nor can the lack of raw materials be conceived of as a cause. This being the case, we must seek for the answer in the matter of hidden profits.

In the preceding paragraphs, net profits following the withdrawal of taxes were chiefly dealt with, but in order to gain a more comprehensive picture it is necessary also to take into consideration capital accumulations and investments. In 1943 it was reported to the House of Representatives by Assistant Secretary of War Patterson that by the end of 1944 the various American munition companies would have accumulated capital amounting to over forty-two billion dollars.

In addition, there are the various war plants set up by government capital which will eventually have to be turned over to civilian ownership. No matter what method or methods are used in their disposal, these plants are virtually certain to be disposed of at a neat profit to their civilian recipients.

The magazine Nation estimates company war profits to reach the tremendous total of seventy billion dollars. Whether or not profits hit this sum, it cannot be doubted that they will be astronomical. Then there are such items as dividends and the higher level of salaries it is reported that there is a large number of instances in which salaries ranging from five thousand to ten thousand dollars during peace time have been skyrocketed to the one hundred thousand dollar class as a result of the war prosperity). Such being the case, it most certainly cannot be claimed that American companies have not profited from the current war. The profits are a certainty; the problem is the extent of those profits.

Condition of Capital

Figures published officially in 1944 give us the following in the way of indicating the year to year condition of the capital condition of American companies:

(Unit: $100.000.000)

	1940	1941	1942	1943
Cash Reserves	2.2	0.9	3.6	5.1
Gov't. Bonds	(—)0.1	2.0	6.3	5.8

In other words, there was a sudden jump in 1942, but after that the pace was more or less in line with that shown by net profits.

As for their comparative roles in the total national income, figures show that net profits of companies just about doubled in the period of from 1939 to 1943, keeping more or less in step with the rise shown by wages. However, the income of farmers at the same time witnessed a triple increase, thus outstripping industrial net profits by a big margin. Because of this and other reasons it is clear that the profits of manufacturers were in no way remarkable.

One fact that keeps popping up incessantly is that net profits suddenly showed signs of slowing down from around 1942. Three reasons must be given to account for this phenomenon.

The first and most important is the heavy increase in taxes, in particular the excess profits tax. This latter tax, adopted in 1940, stipulated that anything exceeding by more than eight per cent the average profits, and capital of the years from 1935 to 1939 shall be deemed excessive and be taxed accordingly. When this was above twenty thousand dollars, the rate was 25 per cent. Above five hundred thousand dollars, the tax rate was 50 per cent. But in October, 1942, when the first large-scale wartime tax increase was effected, some eight billion five hundred million dollars were added to the tax bill and, as a result, the excess profits tax was applied at the astounding rate of 90 per cent on all excess profits above five thousand dollars. At the same time, company taxes were raised from 31 per cent to 40 per cent. In fact, taxes rose from one billion two hundred million dollars in 1939 to seven billion one hundred million dollars in 1941 thereafter increasing by more than 100 per cent to fifteen billion nine hundred million dollars in 1943!

The second reason for the slowing down of net profits from 1942 is the system for reexamining government contracts. When the war program was inaugurated, neither the army or navy nor the producers themselves had any clear idea as to how much the goods would actually cost to make. Military goods and weapons that had never been produced were suddenly demanded on a scale never before seen. As a matter of fact, in the great majority of cases, actual production costs were found to be much lower than had originally been estimated at the time the contracts were drawn up. Therefore, it was only natural that huge profits began mounting up, although none of the parties involved could be blamed for those profits.

Contracts Reexamined

Under the reexamination of contracts, actual production costs were carefully estimated and new contracts drawn up to replace the old. Not only that, but the difference in the prices of the new and old contracts was to be returned to the State Treasury. Up to December, 1943, five billion dollars had been estimated as rightfully belonging to the government. However, of this sum, a great portion had previously been absorbed by the aforementioned excess profits tax, thus actually leaving only one billion five hundred thousand dollars to be returned to the Treasury.

The third reason for the curbing of industrial profits lies in the social structure of the United States, or, in other words, in the existence of powerful pressure groups including the farm bloc, the A.F. of L., the C.I.O. and others who make it their business to see that "Big Business" does not garner exhorbitant profits. Indeed, the feeling against the so-called "capitalists" making undue profits is so strong that just as at the time of the previous World War, public feeling has forced both the Democratic and the Republican Parties to take definite stands in their platforms against excessive profits. Measures to abolish or drastically limit profits have been introduced into Congress time after time. In fact, the people themselves have constituted themselves watchdogs over profits, thus aiding and abetting the government in this work.

CHUNGKING AND YENAN

Coming National Congress Opens Way for Bitter Rivalry

Surrounding the question of the National Congress which is expected to convene during this autumn at the instance of the Chungking regime, reports are rampant to the effect that Chungking-Yenan relations will be further aggravated. This is reflected in their political confrontations and also in their armed clashes developing at different sectors in Northwest China. Also significant is Yenan's political assault on Chungking, which is claimed to be of a positive character rarely seen hitherto. The first evidence of this was seen in a political speech delivered by Mao Tse-tung at Yenan's Seventh Congress under the title of "Discussions on the Coalition Government."

The substance of the development surrounding Mao Tse-tung's speech was that although Chungking convened its Sixth Congress on May 5 to discuss concrete measures preparatory to the calling of the National Congress this fall, Yenan had preceded this by having its Seventh Congress convened from April 23 to adopt the necessary measures. In other words, at the very beginning of the Congress which ran for seven weeks, Mao Tse-tung made the above-mentioned speech in which he vehemently attacked Chungking's dictatorial policy, the coming National Congress and "false democracy."

"Chungking expects to call a National Congress under the assumed power to be exercised by its Kuomintang. In other words, the Kuomintang expects to adopt a constitution at the Congress which is clearly undemocratic. Such an act will be illegal because it lacks the unanimous support of the Chinese people. Yet the Kuomintang is bent upon fooling the populace by trying to establish a legitimate "National Government" under the pretense of, "Return of Political Powers to the People." After its establishment, they could put up all sorts of excuses and if anybody should happen to oppose them, he would be peremptorily chastised as "an enemy of democracy." This is clearly a policy of disunion which Chungking wants to pursue. It is making much ado about the coming National Congress which, to all intents and purposes, means an impediment to the formation of a coalition government and is aimed rather at the maintenance of a dictatorial policy. In short, it paves the way merely for the continuance of domestic confrontations.

We can surely say that through Mao Tse-tung's speech Yenan has virtually declared political war on Chungking.

Non-Participation Declared

The second point of Yenan's attack against the National Congress was revealed in its declaration of nonparticipation in Chungking's Suffrage Council. The convocation of the National Congress was decided at Chungking's Sixth Congress which was held on November 12 last year. Besides this, it was also decided at this meeting to hold the Fourth National Suffrage Council on July 7. Hence much importance was attached to the holding of the National Suffrage Council on July 7 in connection with the adoption of measures preparatory to the convocation of the National Congress. On this, as was expected, Yenan expressed its views as appearing in its organ, the New China Daily, of June 18 in the name of Yenan Central Committee. The substance of the article read as follows:

1. Since September, 1944, the Yenan Party, the Chinese Democratic League and Democratic Representatives demanded of the Kuomintang to enforce the following matters: (a) Abolishment of one party despotism, (b) convocation of a meeting represented by all the political parties, (c) formation of a provisional coalition cabinet based on democracy, (r) declaration of democratic platforms and reform of the government along democratic lines, and in order to present a common front against Japan to cooperate with the allied nations, and (e) after the attainment of freedom, the aforesaid provisional coalition cabinet will call the National Congress as a result of a general election, free and untrammelled, and committed to the principle of democracy. However, these proposals were rejected by the Kuomintang, notwithstanding the fact that the negotiations thereon had consumed several months.

2. The Yenan Party and other democratic political parties have not yet acquired any legitimate political status.

3. In the treatment of the Yenan army which is fighting the national enemy the attitude of the Chungking Government has been undemocratic.

4. The National Congress is completely dominated by the Kuomintang, and there is a danger of inviting popular dissension and creating internal disturbance.

5. At the coming People's Political Council meeting it is anticipated that many concrete measures will be compulsorily passed for adoption in order to put in force Chungking's well-known reactionary measures.

6. From the above-stated reasons Yenan is disinclined to participate in the People's Political Council meeting.

With Yenan thus refusing to join Chungking in the meeting, the boycotting of the meeting was carried out in concert with the Chinese Democratic League which is composed of the Chinese Young Men's Party, National Socialist Party, District Autonomous Party, Chinese Constitutional Party, National Relief League, Popular Liberation League, and Direct Action Committee.

After showing complete disapproval of Chungking's National Congress what Yenan did was to call its own popular assembly represented by popular leaders from the liberated areas under its control with a view of opposing Chungking's plans. According to a dispatch appearing in the New China Daily, the calling of this popular assembly was decided on at a meeting held on June 21, sponsored by Yenan, the Government Committees of Shensi, Kansu, Ningsia, and the Administrative Standing Committees of these border provinces. Also coming to this meeting were military representatives from the Yenan Central and Northwest Board, the 18th Army, and Military Administrators, numbering altogether over 60 strong. The result of the decision was forthwith dispatched to all organizations concerned in the border provinces.

Mao Tse-tung Speech

In conjunction with this, Mao Tse-tung's speech made at the Seventh Congress contained the following:

"I propose to present two programs for the relief of China: (1) at the present stage of China's national progress it would be well to set up a provisional coalition government after consultations with the representative persons of all affiliations, political and non-political; and (2) upon our success in our war against Japan and with the recovery of our lost territories, it would be well to establish a regular coalition government, free of restraints and based upon a general popular election.

In order to hasten the establishment of such a coalition government it is necessary to call a meeting of representatives from the liberated areas at Yenan at the earliest date. The purpose of such a meeting is to unite the actions of the populace in all the liberated areas, to promote cooperative efforts with the populace in Chungking controlled areas toward the promotion of the democratic movement in our anti-Japanese campaign, to hasten the formation of a coalition government representative of the whole Chinese republic."

It is not clear, however, as to when such a popular representative meeting of the liberated areas will be held. Probably it will be called prior to the National Congress. It is expected that at such a meeting the representatives will decide on the matter of establishing a provisional coalition government. After this, conferences of the preparatory committee will be held members of which is to be made up of representatives from the various political parties in the Chinese Democratic League and from the non-political groups which support democratic principles and entertain anti-Chungking sentiments. The idea is to oppose Chungking's manipulations in the setting up of a popular representative government of its own liking, and instead to install a provisional coalition government.

As a countermeasure Chungking is placing its reliance on American aid and expects to cope with Yenan by strengthening the power of the Kuomintang. But it must be remembered that there are influential Leftists in the Chungking camp, such as Sun Fo, Ping Yu-sing and others, who are reported to be giving help to the Chinese Democratic League of Yenan affiliation.

It is reported that Sun Fo, in his recent speech made at the Chungking Y.M.C.A., severely criticized the open pressure brought to bear on the free discussion of democracy in the Chungking controlled areas, accusing the National Government, which was only in name, of not granting the populace the freedom of speech.

Two Opposing Camps

Thus it appears that the present situation is tending into two opposing camps, one favoring a constitutional representative government at Chungking and, the other upholding the establishment of a coalition government at Yenan represented by all the political and non-political factions centering on the Communist regime. In other words, there will be a complete splitting up of the Chinese administration in their anti-Japanese front. This, in short, is, instead of their time-old advocacy of the "United China," a clear-cut picture of two fronts in their anti-Japanese campaign.

Next we want to dwell briefly on the drift of relations between the United States and the Soviet Union in China. Unless we view the Chinese problem internally and internationally, it is impossible for us to arrive at a just conclusion, and so when observing the present relationships between Chungking and Yenan, we must study the respective attitudes of the United States and the Soviet Union who entertain great interest in the development of China's internal political situation. Particularly true is America's interest in China's war against Japan, or rather in her manipulation of Chungking's fighting power. In other words, this interest in the moves of the Chungking forces constitutes a great power by itself. What America is now demanding of Chungking is a maximum display of its fighting power, which only comes from a complete control of different factions. In this respect the New York Herald Tribune of June 23 commented as follows:

"The strain of relations between Chungking and Yenan, through the object of much criticism in the United States, is evidently becoming aggravated. Our hope for suffering China lies in its complete national control over internal dissension. To America who has the closest friendly relation with China of all the great powers, it seems to be wise to encourage the re-opening of negotiations to bring about military cooperation and political understanding between Chungking and Yenan. There is a just reason for America to drop any policy which may tend to create a confederacy of States in China—a country which is democratic."

America wants to extend her hand toward patching up the differences between Chungking and Yenan. But we must remember that the Soviet Union is behind Yenan. As is commonly known, the press opinions of the Soviet Union have for sometime branded the Chungking regime as being reactionary and despotic. The views expressed by the Pravda of June 19, criticizing the Chinese National Congress, perfectly agree with those entertained by Yenan. This unanimity of views held by the Soviet Union and Yenan is clearly indicative of a very difficult task lying ahead for America's efforts to bring about amity between the two factions.

However that may be, Yenan is devoting its endeavors now in the development of its natural resources, such as irrigation work and mining. This is being carried on in parallel with its political activities extending over the border provinces. Also noteworthy is its efforts toward inviting capital from the outside areas to the Yenan sector. This is a phenomenon worthy of notice for the Yenan sector has hitherto depended upon is farming as an exclusive industry, thus indicating how ambitious Yenan is to promote the development of its politically controlled areas. But, after all, what course the Chungking-Yenan relationships will take in the future must necessarily depend upon the draft of international relations centering on the United States and Soviet Union.

PRESS COMMENTS

Friday, July 27

THE BIG THREE AND EAST ASIAN ISSUES

ASAHI—The Anglo-American press has reported that an agreement has been concluded on East Asian issues at the Potsdam Conference. Considering the present stage of the war with Japan, the political crisis facing Chungking, the unstable character of Soviet-American relations and the lusty American policy for the postwar adjustment of the world, it can be seen that with the Big Three Parley as the turning point, East Asian issues have entered into a decisive period.

It is needless to say that for the Big Three the core of East Asian issues consist of the esforcement of the war against Japan and the China issues. These issues have been pending since the beginning of the present century, but by virtue of the present great war, these issues have entered into a stage where a general and final decision will be found. If any one regards them as being temporary issues or considers the latest development as incidental to the war, he is very much mistaken. These are issues which should claim our greatest concern.

To look at East Asian issues now making such a fast development, merely from the standpoint of direct interest to the war, would not be the way to have a grasp of the full significance of the issues. For the present, the issues concerned may be outside Japan's interests, but if the Japanese race aspires to grow and advance, it should not shut its eyes to the historic and developing significance of these issues.

If the report of the agreement on East Asia issues at Potsdam is true, it must be based on the adjustment of the attitude of the Soviet Union toward the war with Japan and the policies of the United States and the Soviet Union regarding China. Of course, the East Asian policy of the Soviet Union fundamentarily consists of establishment of a tie with the national movement of China, the strategic strengthening of the Soviet borders and the maintenance of an independent policy toward the war with Japan.

It is needless to say that this policy of the Soviet Union is not compatible with that of the United States which is bent on colonizing China economically and politically and prosecuting the war with Japan in full accord with that policy. Also, it is unthinkable that the diplomatic bargaining of the United States with the sinister design to entice the Soviet Union to interfere with Japan and force the Soviet Union to recognize the American right of leadership regarding East Asian issues should obtain the full support of the Soviet Union. However, both countries will make added diplomatic endeavors to align their policies regarding East Asia. The first probability is adjustment of the relations between the Chungking Kuomintang and the Chinese Communist Party by Americo-Soviet collaboration. The present state of East Asian issues does not permit us to ignore this probability.

If there is an indication that the East Asian issues will be solved outside our sphere we must provide fully and strongly against this possibility.

Classified Ads.

Advertisements or replies to the same by POSTCARD should be TYPEWRITTEN and accompanied by the nationality, name and address of the sender in Japanese.

Wanted to Rent

JAPANESE gentleman, 28, speaks English and German, wants to rent a partly or completely furnished small room, preferably foreign style. Rent below ¥[illegible] per month if possible, within two hours' ride from the center of Tokyo.
Apply Box 178, Nippon Times, Tokyo.

For Sale

A PAIR of Binoculars, German make, small size, in perfect condition with leather case.
Apply Box 158, Nippon Times, Tokyo.

ENCYCLOPEDIA Britannica (14th edition) and about four hundred other books on politics, science, psychology, dictionaries, etc. (all standard and authoritative) to be sold in one lot.
Apply Box 174, Nippon Times, Tokyo.

LADIES' silk dresses (medium size), woolen jacket, fur and several pairs of shoes (size: 9½ mon—35). Also cloth for gentlemen's summer suit (silk Polar), and white linen waistcoat (medium size), for immediate sale or in exchange with any foodstuff.
Apply Box 172, Nippon Times, Tokyo.

ONE pair of ladies' white buckskin shoes, cuban heels, almost new (size 5½); also a brown fur coat.
Apply Box 175, Nippon Times, Tokyo.

OLD Parr Whisky, one bottle, for immediate sale to highest bidder.
Apply Box 1[illegible], Nippon Times, Tokyo.

UNDERWOOD standard typewriter, used but in perfect condition. Also one standard typewriter (German make), practically new and in good condition. Both for immediate sale.
Apply Box 1[illegible], Nippon Times, Tokyo.

Wanted to Buy

BEDS, single, either steel or wood, with mattresses, wanted immediately. We will arrange transportation. Please state particulars and prices.
Apply Box 131, Nippon Times, Tokyo.

BICYCLE tire and tube wanted. Used ones accepted if they are in good condition. Will pay good price.
Apply Box [illegible], Nippon Times, Tokyo.

FURNITURE, [illegible] wanted to buy or in exchange for foodstuffs or whisky, at Karuizawa. Please state particulars, prices and address and apply to Genjiro Sato ([illegible]), [illegible] Street, Karuizawa. ([illegible])

PHONOGRAPHS, records, [illegible] phonographs, electric [illegible], sewing machines, accordions, portable typewriters. Office hours: [illegible]. [illegible] 2, [illegible], [illegible]-ku, Tokyo.

RADIO and bicycle wanted. Second hand accepted if they are in good condition.
Apply Box 1[illegible], Nippon Times, Tokyo.